

STATE OF THE CITY OF NORTH LITTLE ROCK

A REPORT TO THE CITY COUNCIL
NORTH LITTLE ROCK, ARKANSAS

BY: MAYOR PATRICK HENRY HAYS

SUBMITTED PURSUANT TO A.C.A 14-58-302

March 31, 2010

FILED _____ A.M. 4:00 P.M.
BY Todd Larson
DATE 3-31-10
Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas
RECEIVED by A. Hodge

The year began looking back at an wrecked economy. The recession of the previous year culminated in a housing market collapse and financial system meltdown that wreaked havoc across the world. The wreckage was everywhere. Jobs were disappearing. Credit was vanishing and revenues were shrinking. The economic news was almost universally bad.

In North Little Rock, however, we began the year with some great economic news. The world's largest heavy construction vehicle manufacturer, Caterpillar, Inc., made a historic announcement in the Governor's Conference Room at the Arkansas State Capitol that will change the economic realities of our city, our region and our state for decades to come. From that prestigious location, Caterpillar announced that North Little Rock was selected as its new home for manufacturing the world class Caterpillar motor grader. Caterpillar will create more than 600 new, high paying jobs and invest \$150 million in the 705,000 square foot building formerly occupied by Deluxe Video Services. The company has a history and philosophy of strong community involvement, progressive management, positive employee relations and environmental sensitivity. In addition to the high paying jobs, increased electric sales and property tax receipts, Caterpillar generates tourism dollars. Corporate officials said to expect in excess of 2,000 visitors annually coming to the area as they meet with company representatives and literally watch their vehicles being made in North Little Rock.

The recruitment effort lasted nearly nine months. For most of that time, nobody knew what company we were recruiting. However, from beginning to end, all of our actions were undertaken with a positive, confident attitude and a high degree of cooperation among the team members representing city and state governments, as well as various private concerns. We were told that, in addition to an immaculate, available facility with a superior national location, the favorable business environment of the city, region and state, as well as the positive, aggressive, creative, cooperative and rapid responses to inquiries and

opportunities were important contributions to the decision to locate here. We very much look forward to a long and fruitful relationship with Caterpillar, Inc.

Another great addition was made last year to our business community when Garver Engineers, which earlier announced its selection of North Little Rock as the new site for its corporate headquarters, opened for business. The new headquarters is a state of the art, LEEDs certified "green" building that will be home to over 120 high pay, high tech engineering, administrative and support jobs that are an important part of the "knowledge economy." The "Garver Building" has a physical workout space with lockers, showers, as well as a large bicycle rack for their employees. The company encourages its employees to undertake physical fitness activities before, during and after work. In addition to a panoramic view of the Arkansas River, the site's proximity to our biking/hiking trail was a significant factor in the decision to remain in Arkansas and relocate to North Little Rock. Additionally, since Garver has adopted its proactive actions with regard to employee health and fitness, the company has experienced significant healthcare premium reductions.

For more than two decades, this administration has ardently pursued a close relationship with our public education institutions, the North Little Rock School District and Pulaski Technical College. In fact, North Little Rock was a leader in understanding and promoting the undeniable, positive relationship between education and economic advancement. Tangible evidence of that philosophy happened at the North Little Rock Municipal Airport. Last September, as a result of a grant application jointly submitted by the City and Pulaski Technical College to the U.S. Economic Development Administration, Senator Lincoln, Governor Beebe, Pulaski Technical College President Dan Bakke and I formally opened the new 25,000 square foot Pulaski Technical College Aerospace Center. At the Center, students will take classes and have a hands on experience working on aircraft. Programs are available for both college degrees and technical certificates that lead to high paying jobs in the aerospace industry. Additionally, Governor Beebe awarded funds to renovate the existing training facility located at our airport.

Although we have experienced some economic set backs, most significantly the loss of 200 good paying jobs at the Polymer Group Inc. Chicopee plant, and the closing of several retail stores and restaurants, the City seems to have weathered the economic storm in relatively good shape. From a government perspective, as a result of early and proactive responses to the deteriorating revenue situation by the administration, City Council and departments, we neither reduced city services nor personnel. Also helping was our comprehensive and vigorous response to opportunities afforded by the federal government American Recovery and Reinvestment Act. As of this report, city departments and the Housing Authority have applied for \$22,953,173 in federal stimulus funds. Our success rate has been exceptional with \$15,972,648 approved and/or awarded. Several applications are currently under review.

The projects and undertakings we received funding for are diverse. Among the most notable: two Neighborhood Stabilization Program grants to acquire lots and houses in the Baring Cross neighborhood in order to build new or renovate existing houses that will be energy efficient and affordable; a modernization grant for our hydro electric plant; a Community Oriented Policing grant (the second largest amount and the largest per capita amount in Arkansas) funded 9 new police officer positions; a Byrne grant award for new patrol cars and equipment; Homeland Security grants to purchase new radio and 911 equipment that expedites our transition to a seamless, interoperable central Arkansas emergency communication system; additional Community Development Block Grant funds; Energy Efficiency Block Grant funds; and, the Riverfront Drive/Pike Avenue Roundabout. The last project will not only increase transportation safety, it will provide an attractive, signature entrance into and out of our revitalizing downtown.

Again, our revitalizing downtown was the focus of much attention, action and activity. A most significant addition to the future of the downtown overall attractiveness for residents, visitors and investors alike, was actually a subtraction. It happened with the demolition of the old feedmill in January. Although its

economic benefit will be missed, new investment will be markedly easier now that the land beneath the old multi-story manufacturing and distribution facility is ready for development.

The viability of the “arts as commerce” development theme was again confirmed by the historic Faucette Building acquisition. A newly formed non-profit company will operate the Argenta Community Theater in the two story building at 405 Main Street. In addition, the Theater will have a stage and 200 seats that can be removed to open up a 7,000 square foot open area available for community meetings and events. The “theater” building will have marketable office space, in addition to an art gallery.

Progress continued on making a downtown grocery store a reality. The new Argenta Market will occupy the building at 521 Main Street that previously housed S & S Auto Supply and the Argenta Seafood Restaurant. The store will be an extension of the successful outdoor Arkansas Certified Farmer’s Market held across the street. The grocery store will have a heavy emphasis on local produce, meats and dairy products. “Eating local” is a food consumption trend that is happening in communities across the nation. Its success comes from a combination of product uniqueness and freshness, as well as reduced transportation costs. This will be another area in which our community is leading the way.

A premier promoter of the development in both North Little Rock’s and Little Rock’s downtowns, the River Rail Trolley, celebrated its 5th year of operation. Another vital link between the downtowns received a boost last November. At the fifth year anniversary of the Clinton Presidential Library, President Clinton committed \$7.5 million to the renovation of the abandoned Rock Island Bridge, renamed the Presidential Library Bridge. Upon its completion, the renovated bridge will be the eastern link for the Millennium River Trail. Like the link 7 miles to the west, the Big Dam Bridge, it will accommodate, in an uninterrupted manner, joggers, hikers and bicyclers. The renovated bridge will expedite quality development on the northshore, make an important contribution to our increasing array of entertainment attractions, and, be another positive attribute for our very successful urban recreational vehicle park situated on the North Little Rock riverbank. A

place where last September, nearly 1,000 recreational vehicles attended a regional rally that had an \$8 million economic impact on central Arkansas.

An unprecedented partnership of public, private and non-profit underwriters began preparing a master plan for our downtown. After an extensive request for proposals and interview process, a nationally renowned consulting firm was retained to undertake the planning process and work with government officials and citizens to produce a plan that will promote and guide future growth and development in a part of the City that has an important positive impact on the whole community.

One does not have to believe in global warming to reach the conclusion that a "green agenda" is the right thing to pursue on behalf of this community. Proactive policies, plans, programs, and projects that reduce air and water pollution, while simultaneously lessening our dependence on energy imported from unreliable foreign sources, are all for the good. Importantly, saving existing and creating new jobs are welcomed positive outcomes produced by pursuing these policies.

We were very proactive last year in this area. In addition to the Energy Efficiency Conservation Block Grant (EECBG), the Hydroelectric Facilities Improvement Grant previously reported, many major energy conservation initiatives were undertaken. The recently established "Green Committee" used the American Recovery and Renewal Act to hit the ground running with its involvement in the EECBG programs that North Little Rock will implement with stimulus funds. The program goals for the funds are to:

- Provide a broad mix of conservation opportunities for citizens of all income levels and North Little Rock businesses;
- Assure the programs fit North Little Rock's overall energy strategy and give priority to on-going or planned City programs; and,
- Maintain North Little Rock's leadership in sustainability.

The North Little Rock Electric Department developed and established the www.NLRGreen.org website as a repository of North Little Rock's sustainability programs and the Green Agenda Committee work. The North Little Rock Electric Department worked with the Green Agenda Committee to sponsor an Earth Day poster contest for 5th grade students from the North Little Rock School District. One winner was chosen from each school and an overall winner selected. The grand prize winner will be recognized at the April 12th Council meeting. The winning poster from each school was showcased on both the City and the North Little Rock School District websites.

The City of North Little Rock was named a member of the University of Arkansas National Center for Reliable Electric Power Transmission (NCREPT) in 2009. Established in 2005, NCREPT is a center established for the purpose of investigating solid-state solutions for high voltage applications such as the electric power grid including both protection devices, as well as energy storage applications. I believe it's vital we understand what resources are available to our citizens today, as well as in the future. By becoming a member of NCREPT, North Little Rock can be among the first to participate in new power systems of the future. The National Science Foundation awarded the University of Arkansas ARRA stimulus funds to continue and strengthen their efforts to modernize the national power grid. The award will establish an NSF center for excellence, known as an Industry/University Cooperative Research Center.

We sponsored an energy efficiency sign at Dickey Stephen ballpark in 2009. The sign directed people to the North Little Rock Electric Department website to learn about more ways to save energy. The North Little Rock Electric Department website has links to an online residential energy audit sponsored by Lawrence Berkley Labs. An energy efficiency mascot "Watts the Energy Otter" was created by the North Little Rock Electric Department to educate children about energy efficiency. Coloring activity sheets were developed to encourage the wise use of energy. In another collaboration with the North Little Rock School District, an energy efficiency curriculum, Living Wise, was provided for seventh grade students to learn about

energy conservation and sustainability issues. The program was used by 587 students and their families.

Projected 10 year savings from this program are:

- 44,295,327 gallons of water saved;
- 184,859 therms of gas saved;
- 2,586,439 kWh of electricity saved; and,
- 44,295,327 gallons of wastewater saved.

Electric Department employees made presentations on energy efficiency to neighborhood groups, civic and church organizations throughout North Little Rock. Five Energy Efficiency Kiosks have been placed at public places throughout the City. These kiosks are stocked with free energy efficiency information to the public. Our city government provides free residential energy audit services to customers of North Little Rock Electric Department. A post-audit survey was mailed to participants asking them to provide information on their improved energy efficiency resulting from the audit. The survey results were expanded to the entire audit population. Based upon the Deemed Energy Savings established by the Arkansas Public Service Commission, North Little Rock, as a result of the Energy Audit program, reduced its green house gas emissions by 395,834.7 pounds annually.

2009 was the second best year on record for energy production by the Murry Hydro Generating plant. North Little Rock also purchased power from Waste Management Inc.'s Two Pines Sanitation Landfill Methane Gas Recovery facility. The total amount of electricity North Little Rock utilized from these two alternative energy production facilities last year was 198,057,292 KWh. The use of these renewable power sources, rather than conventional electric generating plants, resulted in green house gas reductions of 206,379 tons of carbon dioxide; 32.7 tons of sulfur dioxide, and 72.9 tons of nitric oxide.

North Little Rock Electric Department began selling voluntary renewable energy credit "Green Tags" to businesses in North Little Rock who seek ways to reduce their carbon footprint. They are marketable, non-

tangible energy commodities that represent proof that 1 megawatt-hour (MWh) of electricity was generated from a renewable energy resource. Over \$119,357 in Green tags were sold in 2009.

An Integrated Resource Plan (IRP) was developed in 2009 for the North Little Rock Electric Department. The purpose of the plan is to establish a guide that will help ensure an adequate, efficient, economical, and reliable source of power for North Little Rock's customers. Last year, we initiated a bid process for its wholesale power requirements. Competitive bids were reviewed and NRG was selected. Extensive negotiations resulted in a wholesale power agreement that becomes effective in 2010. The new wholesale power contract will allow a rate decrease for both the residences and businesses served by North Little Rock Electric.

The North Little Rock Electric and the North Little Rock Chamber of Commerce established the *Contractor Partner Network* in 2009. Contractors are certified by an independent non-profit third party to ensure they meet the highest levels of customer service and performance. Initially, the Contractor Partner Network consisted only of Heating, Ventilation, and Air Conditioning (HVAC) contractors, since rebates for quality Energy Star HVAC replacement and maintenance agreements are key components in 2010 Energy Efficiency Conservation Block Grant programs.

Currently, we have two city employees who are Certified Energy Managers (CEM). This prestigious certification is sponsored by the Association of Energy Engineers. To become a CEM, a person must possess extensive credentials in energy management and pass a certification examination.

Electric Department staff participated in the formation of a Green Agenda Committee for Metroplan. Metroplan serves central Arkansas by planning for the growth and development of the region. The Green Committee supports the Metroplan Board of Directors, which is comprised of local elected officials, in addressing sustainability initiatives throughout central Arkansas.

In North Little Rock, the linkage between the “green economy” and economic development is real. What may be the City’s premier economic development achievement was accomplished in January 2009 when Caterpillar, Inc. announced that it selected this City as the new home of its motor grader manufacturing plant. During the last stage of negotiating with the Company and the State of Arkansas, a State increase in its incentive package was contingent upon the City increasing its financial contribution. After making significant financial contributions to infrastructure improvements (wastewater and electricity), we were hard pressed to find another infrastructure need that a local government can provide for an Arkansas business. However, we did find a creative solution that was available because the City owned and operated its own hydroelectric plant on the Arkansas River. The City offered Caterpillar \$2.5 million of the previously described “Green Tags” which were enthusiastically accepted. These credits sealed the deal.

In 2007 and 2008, the North Little Rock Electric Department’s cost for purchasing power nearly doubled. For L’Oreal Cosmetics, which has its largest Maybelline cosmetic manufacturing plant in North Little Rock. The plant’s budget was devastated by a rate increase. Working closely with the Mayor’s Office and the North Little Rock Electric Department, L’Oreal’s local management team aggressively attacked the problem with a comprehensive energy conservation effort, as well as the purchase of a significant amount of “Green Tags” generated by the City’s hydroelectric facility. The North Little Rock Maybelline plant is now considered a leader in managing and conserving energy. Most importantly, the facility remained open and in North Little Rock. All of which were good ways for Maybelline to celebrate its 100 year anniversary.

The City’s sanitation landfill is managed by Waste Management. The City and Waste Management have established a relationship whereby the methane gas produced at the landfill is captured and used as a power source for an onsite generator that produces cheap electricity purchased are distributed by the North Little Rock Electric Department. Also, the operation produced more than 33,000 “Green Tags” for Waste Management.

Across city government, large efforts, like those above, in addition to small actions like: lowering the thermostats for heat or raising them for air conditioning when offices are unoccupied; completely shutting down computers when not in use; and, using less paper when conducting business, as championed by the City Clerk's Office and City Council, all contributed to effective government-wide management of energy and the associated cost savings. For example, the Police Department reduced paper use and held its utility costs steady in 2009. The department now files 70 percent of its incident report electronically by computers in the office or in the vehicle.

Our Sanitation Department made significant contributions to the green effort by collecting 5,369 truck loads of yard waste for composting and joining with Pulaski County Sanitation Department to collect 1,250,000 pounds of used electronic equipment at two events held at Verizon Arena. These items, as well as 550,000 pounds collected at various hazardous waste collection sites, were sent to the Federal prison in Texarkana, Texas for recycling and disposal. At the Two Pines Sanitation Landfill, nearly 2,000 tons of recyclables like newspaper, aluminum/steel cans, plastic and glass containers, and cardboard were disposed as a result of our curbside recycling program. When the environment also benefits from these actions, policies, activities and initiatives as well, then we are certainly much better off than before we pursued them.

As always the public health, welfare and safety were priority concerns throughout the year. The H1N1 influenza epidemic was confronted head on when the State's only municipal health department sponsored two mass flu clinics where free shots were provided. We worked closely with the school district and several large businesses to provide free flu shots. From October to year's end, almost 20,000 seasonal and H1N1 influenza shots have been given to clients in North Little Rock.

Citizen health continued to be addressed in a myriad of ways. I was honored that the years of planning and building our trail systems were rewarded when the City was awarded the Bronze designation

of a "Bicycle Friendly Community." After a highly competitive review and selection process, this esteemed designation is awarded by the League of American Bicyclists to a very few communities.

Our incredibly popular Senior Citizens Center completed another successful year as it surpassed 15,000 members. The Center started several new programs designed to improve senior health through an active lifestyle. New and/or expanded programs included bean bag baseball, improvisation acting classes, swimming and guitar lessons, in addition to genealogy and beading classes. Senior Center transportation services were used by more than 9,000 passengers for medical, recreational, escort and residential related reasons.

Many seniors were very active in the state's only municipal volunteer services office. Volunteer Services, in fact, is now housed in the Senior Center and managed by its staff. Nearly 33,000 hours of service were provided directly to various city departments by 172 volunteers. The Volunteer of the Year Award is now appropriately named for Mr. Fritz Friedl, the man who helped establish the department and managed it on a volunteer basis since 1991.

Many, if not most, of last year's accomplishments of the Parks and Recreation Department were directly beneficial for citizen health and wellness. Four additional outdoor tennis courts were built at Burns Park. A small children's splash pool was added at the Glenview Community Center as was a playground at the School Street Park in Rose City.

The Burns Park Soccer Complex hosted a new 7x7 adult soccer league. And, after 15 years, an adult basketball league was established at the Community Center. The Center also added a new fitness class.

After school summer activities continue to be provided at the North Heights, Glenview and Sherman Park Community Centers. The North Heights and Sherman Park Centers continued to give swimming lessons and new weight lifting equipment was added at Glenview. Glenview also operated its own programs for

seniors. Throughout the summer, our food service program provided free breakfasts and lunches for youth 18 years old and younger at the community centers, the Boys and Girls Club and the Salvation Army's North Little Rock facility.

Special events and programs for youth such as cheerleading, basketball, gymnastics, martial arts, Hershey's Track and Field, Major League Baseball's Pitch, Hit and Run, the National Football League's Punt, Pass and Kick could be found at the North Heights, Glenview and Sherman Park Centers. Finally, a city government employee wellness program was established this past year.

Our citizens could enhance their mental well being by using the main and downtown branches of the Laman Library system. The year began with the completion of a nearly \$2.5 million of renovations, including an additional 6,000 square feet at the main branch of the library system. In fact, nearly 325,500 patronized our libraries last year which represents a 37.5 percent usage increase over the previous year. In April, a new exhibit hall, built to museum standards, was opened at the main branch. The hall played host to 4 exhibits throughout the calendar year. Also in April, a new computing facility with 50 high speed internet connections was opened to the public. From then to the end of year, an astounding 59,144 people used the facility and its popular services. Systemwide, 73,677 patrons used the computers provided for their use. Obviously, a high priority has been given to the health and well being of our entire citizenry.

Also ranking high as a priority is public safety. Police officers responded to 86,812 calls for service and made 8,092 arrests. Detectives investigated 2,027 cases and experienced a 71 percent clearance rate. It heartens me to state that major crime decreased in 2009. The number of violent crimes reported decreased by 6 percent. Overall, major crime decreased by 5.5 percent.

Our fire department responded to slightly more the 10,000 incidents, including 261 fires and 5,459 rescue and emergency responses. The following numbers indicate the importance of rapid responses to fires. Of the \$97,862,400 value assigned to fires in 2009, property with a value of only \$3,505,534 was

considered lost to those fires. An amazing number, that may be enhanced in the future when another fire station is built in the eastern part of our City.

I began this report by looking back at the economic storm of the recent past that darkened our skies at the beginning of the year. Undoubtedly, 2009 was a difficult year of transition, but the economic storms seem to be abating. I end this report by confidently looking forward to the clearing skies that will provide a bright future for North Little Rock.